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Approved For Release 2001/07/12 : CIA-RDP79-00498A000100150073-4

7 January 1972

TO : Director of Logistics

FROM : Chief, Audit Staff

SUBJECT: Executive Dining Room Costs and Ratios of Costs

1. In response to a request from your Office we have analyzed costs and income of the Executive Dining Room in order to arrive at cost ratios, costs per meal and income per meal. The results of our analysis are attached.

2. By using the cost ratios as presented for Overall Operating Costs, Official DCI functions and Unofficial Usage and applying them to income per meal figures per the attached it is apparent that we are more than recovering food, commodities and incidental supplies costs.

3. As shown in the schedule, cost per meal for Overall Operations is \$8.25. If we exclude the Agency Subsidy (67%) which is all labor costs the cost per meal is \$2.72 versus income per meal of \$2.71. This is borne out by our overall net operating loss of \$184.00 for the entire operation serving 19,500 meals at slightly less than one cent per meal loss.

4. Unofficial usage shows a cost per meal of \$6.69. If we again exclude the percentage of Agency subsidy involved (60%) the cost per meal is \$2.67 as against a per meal income of \$2.72 for unofficial usage. Here again we have more than recovered food costs.

5. Official DCI functions show a food and other costs exclusive of the subsidy of \$2.47 per meal. This compares favorably with a per meal income of \$2.66 per meal and indicates we have more than recovered food and other costs.

6. We were unable to come up with any ratios showing the profits involved in catered cocktail, retirement or other parties. This could not be accomplished because of the manner in which cost records are maintained. They are not broken out

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on the books to reflect costs on an individual party basis thus making it impossible to come up with a meaningful profit figure for this type function.

7. If we can be of any further assistance we will be glad to discuss the matter with you at your convenience.



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Chief, Audit Staff

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Executive Dining Room  
Costs and Ratios For Operation  
27 June 1970 to 25 June 1971

	Total Cost	* Food	Other	Labor/ Subsidy	Food to Total	RATIO Other to Total	Labor to Total	Number of Meals	Cost per Meal	Income per Meal
Operating Costs 6/27/70 to 6/25/71.....	\$160,992	\$40,297	\$12,782	\$107,913	25%	8%	67%	19,500	\$8.25	\$2.71 <u>4/</u>
Less:										
Costs for Official DCI Functions.....	45,007	4,433 <u>1/</u>	1,406 <u>2/</u>	39,168 <u>6/</u>	10%	3%	87%	2,171 <u>5/</u>	20.73	2.66 <u>4/</u>
Operating Costs For Unofficial Usage.....	\$115,985	\$35,864	\$11,376	\$68,745	31%	9%	60%	17,329	6.69	\$2.72 <u>4/</u>

1/ This cost is computed as follows: 19,500 total meals of which 2,171 were official DCI functions  $2,171 \div 19,500 = 11\%$ . If 11% of total food costs of \$40,297 were for official DCI functions, DCI official function food cost was \$4,433.

2/ Same ratio as food costs (11%) was used to determine this figure.

3/ Proof of accuracy of food cost figure used can be seen from operating statement which shows food costs to be approximately 76% of income. Income from official functions was \$5,780; 76% of that is \$4,382 only \$50.00 less than above.

4/ Taken from Statement of Operations - (For 1,900 free meals given to staff there is no income to offset costs therefore increased cost per meal for all operations).

5/ This figure arrived at by counting all official meals served for 4, 4 weekly periods and adding them up; dividing by 4 to get the 4 weekly period average and then multiplying by 13 to get the yearly figure.

6/ This figure is comprised as follows - 1 cook GS 9-9 = \$13,262; 1 waiter GS 9-6 = \$12,215; 1 dishwasher GS 8-4 = \$10,441 for a total of \$35,918 plus 1/3 managers salary \$3,250 - Overall total cost to staff the DCI Dining Room \$39,168.

\* See Operating Statement for Income and Cost of Food figures.

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Executive Dining Room  
Statement of Operations

	27 June 1970 to 25 June 1971	30 June 1969 to 26 June 1970
Recorded by dining room:		
Income:		
Meals served-members.....	\$ 26,888	\$ 28,932
Special functions.....	14,749	11,060
Official functions.....	5,768	4,735
Surcharge.....	3,241	3,378
Coffee sales.....	1,817	2,347
Interest on savings account.....	<u>432</u>	<u>336</u>
Total income.....	<u>\$ 52,895</u>	<u>\$ 50,788</u>
Costs:		
Cost of food and commodities:		
Beginning inventory.....	\$ 2,441	\$ 2,367
Purchases:	<u>41,067</u>	<u>36,703</u>
Gross cost.....	43,508	39,070
Less: ending inventory.....	<u>3,211</u>	<u>2,441</u>
Net cost of food and commodities.....	40,297	36,629
Overtime-special functions.....	4,803	3,233
Laundry.....	2,262	2,355
Equipment purchase.....	1,754	4,353
Equipment repairs.....	404	575
Clothing allowance.....	600	173
Supplies.....	2,959	2,048
GSI Labor.....	<u>-</u>	<u>666</u>
Total costs.....	<u>\$ 53,079</u>	<u>\$ 50,032</u>
Excess (costs) over income charged to dining room.....	<u>\$ (184)</u>	<u>\$ 756</u>
Costs paid by Agency:		
Salaries-staff employees (regular)....	\$ 75,444	\$ 73,376
Salaries-contract employee (part- time-regular).....	3,904	
Salaries-staff employees (overtime)...	12,723	7,525
Benefits.....	6,692	
Other-Gourmet Treat, Inc.....	8,876	10,400
Other-mileage.....	<u>274</u>	<u>376</u>
	<u>107,913</u>	<u>91,677</u>
Net cost of dining room operation.....	<u>\$108,097</u>	<u>\$ 90,921</u>

Percent of cost of food to total income:  $40,297 \div 52,895 = 76\%$  .

Cost of food for official functions 76% of \$5,786 = \$4,383.

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## ROUTING AND RECORD SHEET

SUBJECT: (Optional)				
FROM:		EXTENSION	NO.	
Director of Logistics 1206 Ames Center Building		2551	DATE 10 JAN 1972	
TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
1. Deputy Director for Support 7D26 Headquarters Building				<p>Dear Jack:</p> <p>I am furnishing the attached information on an "Eyes Only" basis for reasons I believe obvious.</p> <p>We have reviewed the work of [REDACTED] people and, with one exception, believe it to be an accurate portrayal of the facts. The one exception is found in the sixth footnote of the attachment where it is identified as a "Dishwasher" at the GS-08, Step 4, level. There is something wrong with this entry, and I am working this out with [REDACTED]. In the meantime, I do not want to withhold this report from you any longer.</p> <p>[REDACTED]</p> <p>John F. Blake</p> <p>Att</p>
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EYES ONLY